

**OFFICE OF THE MISSISSIPPI SECRETARY OF STATE
BUSINESS REGULATION AND ENFORCEMENT DIVISION**

IN THE MATTER OF :

**INTERSTATE GUARANTY CORPORATION
2240 North Park Drive
Suite 106
Kingwood, Texas 77339**

**WAYNE S. DAVIS
6524 San Felipe St. 287
Houston, Texas 77000**

Respondents

**Administrative Proceeding
Number: S-03-0076**



**SUMMARY CEASE AND DESIST ORDER AND NOTICE OF INTENT TO
IMPOSE ADMINISTRATIVE PENALTY**

The SECRETARY OF STATE OF MISSISSIPPI, by and through the undersigned designated representative, hereby issues this summary cease and desist order against INTERSTATE GUARANTY CORPORATION (hereinafter "Interstate"), and WAYNE S. DAVIS (hereinafter "Davis"), and further gives notice of his intent to impose administrative penalty and in support hereof, states the following.

I. JURISDICTION

The Secretary of State is vested with the regulation of the offer and/or sale of securities in the State of Mississippi pursuant to Miss. Code Ann. §75-71-401, (Rev. 2000) and with the regulation of persons who transact business as a broker-dealer or agent of a broker-dealer in the State of Mississippi pursuant to Miss. Code Ann. §75-71-301, (Rev. 2000). Respondents sold securities and/or acted as a broker-dealer and/or agent of a broker-dealer as defined by the Act; therefore, they are subject to the Secretary of State's regulatory authority. The Secretary of State therefore, finds that he has jurisdiction over the subject matter and the parties herein.

II. FINDINGS OF FACT

1. Davis, is an adult, natural person, whose last known address is 6524 San Felipe St. 287, Houston, Texas 77000. Davis sold securities on behalf of Interstate.

2. Interstate is a business corporation whose last known address is 2240 North Park Drive, Suite 106, Kingwood, Texas 77339.

3. Davis sold the investments to Mississippi residents purportedly for the purpose of enabling investors to earn profits by entering into investments for Interstate. To effect the sale of these investments, Interstate employed agents, one of who being Davis.

4. A check of the records required to be maintained by our office reveals no registration or granted exemption for any securities offered, sold, or issued by Interstate in the State of Mississippi.

5. A check of the records required to be maintained by our office reveals no registration for Davis to act as a broker-dealer and/or agent of a broker-dealer to sell securities in the State of Mississippi.

III. CONCLUSIONS OF LAW

6. According to Miss. Code Ann. §75-71-301 (Rev. 2000), it is unlawful for any person to transact business in this state as a broker-dealer or agent of a broker-dealer unless he is registered. Since Davis transacted business in this state as a broker-dealer and/or agent of a broker-dealer without being registered or exempted, he is therefore in violation of this provision.

7. Pursuant to Miss. Code Ann. §75-71-401 (Rev. 2000), it is unlawful for any person to offer or sell any security in the State of Mississippi unless the security (1) is registered, (2) is exempted, or (3) is a federal covered security. Since the investments offered and/or sold

by Respondents were neither registered, exempted, nor a federal covered security, Respondents are therefore in violation of this provision.

IV. SUMMARY CEASE AND DESIST

As provided in Miss. Code Ann. §75-71-715 (Rev. 2000), the Secretary of State hereby summarily orders Respondents to immediately **CEASE AND DESIST** from transacting business in the State of Mississippi as a broker-dealer or agent of a broker-dealer without being registered or exempted as defined by Miss. Code Ann. §75-71-301 (Rev. 2000), and from selling any security in the State of Mississippi unless it is registered, exempted, or federally covered as defined by Miss. Code Ann. §75-71-401 (Rev. 2000). This order shall remain in effect until further order of the Secretary of State.

V. NOTICE OF INTENDED ACTION

Please note that the Secretary of State intends to take the following additional action:

1. Impose an administrative penalty of up to \$25,000.00 for each violation of Miss. Code Ann. §75-71-101 (Rev. 2000) through §75-71-735 (Rev. 2000).
2. The imposition of an administrative penalty shall become effective thirty (30) days after receipt of this Notice unless a request for an administrative hearing is received by the Secretary of State before the expiration of said thirty (30) days.

VI. RIGHT TO ADMINISTRATIVE HEARING

An administrative hearing may be requested in this matter. Any such request shall be

made in writing to the Secretary of State within thirty (30) days from the date of receipt of this Order.

If an administrative hearing is requested, written notice of the date, time, and place, will be given to all parties by certified mail, return receipt requested. Said notice will also designate a Hearing Officer.

VII. PUBLIC INTEREST

The actions taken and proposed to be taken herein by the Secretary of State are in the public interest and are consistent with the purposes set out in Miss. Code. Ann. §75-71-101, *et seq.* (Rev. 2000).

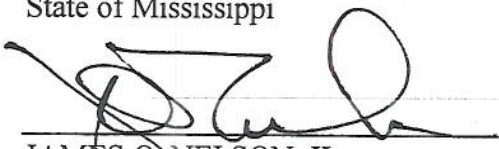
VIII. RIGHT TO AMEND

The Secretary of State hereby reserves the right to amend this Summary Cease and Desist Order and Notice of Intent to Impose Administrative Penalty.

SO ISSUED, this the 30 day of July, 2004.

ERIC CLARK
Secretary of State
State of Mississippi

BY:


JAMES O. NELSON, II
Assistant Secretary of State
Business Regulation & Enforcement

Prepared and Submitted By:
Tanya G. Webber, MSB # 99405
Mississippi Secretary of State's Office
Post Office Box 136
700 North Street
Jackson, Mississippi 39205
(601) 359-1350

CERTIFICATE OF SERVICE

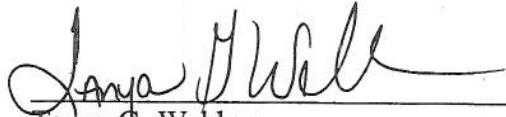
I, Tanya G. Webber, do here by certify, that I have this day, mailed via United States Certified Mail, a true and correct copy of the Summary Cease and Desist Order and Notice of Intent to Impose Administrative Penalty to the following:

INTERSTATE GUARANTY CORPORATION

2240 North Park Drive
Suite 106
Kingwood, Texas 77339

WAYNE S. DAVIS
6524 San Felipe St. 287
Houston, Texas 77000

This the 30th day of July, 2004.



Tanya G. Webber
Senior Attorney
Business Regulation & Enforcement

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